



SPECIAL AUDIT REPORT: IOWA DEPARTMENT OF PUBLIC HEALTH

Audit Report Released. The Auditor's Office recently released a [special report](#) on certain technology expenditures and other employee reimbursements made by the Iowa Department of Public Health (IDPH) and the four Boards that function under the IDPH, consisting of the Iowa Board of Pharmacy, the Iowa Dental Board, the Iowa Board of Medicine, and the Iowa Board of Nursing. The Report covers the period from July 1, 2011, through August 31, 2014. These four licensing boards operate in a semi-autonomous manner under the IDPH. Most of the findings were related to action of the Board of Pharmacy, but the other entities received recommendations for process changes as well.

Board of Pharmacy Purchases. The Auditor reviewed 40 Board of Pharmacy employee reimbursements totaling \$42,553 for purchases of equipment, Internet and mobile broadband charges, office supplies, and postage for the period July 1, 2011, through June 30, 2012. Specifically, the reimbursements included the purchase of 24 iPads, 12 printers, 5 scanners, a MacBook Pro, a Dell laptop, an iMac computer, an HP desktop computer, 3 Garmin GPS navigators, 2 pairs of Bose noise canceling headphones, 2 sets of Bose wireless speakers, a Kindle Fire, a Flip video camera, Microsoft Office for Mac, an Apple TV, and various accessories for these products including cases, adapters, ink cartridges, external batteries, etc. Because these purchases were made by the Board of Pharmacy employees and subsequently reimbursed through a travel payment (TP), the Auditor estimated the Board of Pharmacy paid sales tax totaling \$412.

- **Recommendation:** When possible, equipment and office supplies should be purchased using a State Procurement Card or through the standard State expenditure process and established State master contracts should be reviewed and used when appropriate. Employee reimbursements through TPs should not be used to routinely purchase supplies and equipment.
- **Response:** The Board of Pharmacy hired new staff in 2011, and they were unaware of specific State purchasing procedures and requirements in the absence of purchasing contracts. The Board of Pharmacy functioned without an IT Specialist prior to August 2011. As soon as staff became aware of purchasing requirements in 2012, the Board of Pharmacy changed its procurement procedures to comply.
- **Conclusion:** Response acknowledged. New equipment for staff did not eliminate the need for the old technology. Responses on the written questionnaires indicated the new technology is not capable of performing all necessary functions. Consequently, the old technology is still being used as well. This makes the cost effectiveness of the purchases unclear.

Duplication of Resources. Certain Board of Pharmacy and Board of Medicine staff are assigned multiple electronic devices capable of performing similar functions. The Board of Pharmacy Director and all seven Board compliance officers confirmed they have a laptop computer, an iPad, an iPhone, a printer, and a scanner assigned to them. Other Board of Pharmacy employees have both a laptop computer and an iPad. Employees acknowledged the iPad could not perform all the functions necessary for them to complete their daily job duties, and that required them to have a laptop computer as well. The Board of Pharmacy pays all of the cost of data plans for the iPads and all of the cost of home internet service for the Director and the seven compliance officers. In addition, the Board of Pharmacy paid mobile broadband fees for three of these eight employees and all of the cost of iPhones and the related data plans for 17 employees. Reimbursement for data plans and mobile broadband services was discontinued in January 2014.

The Board of Medicine maintains an inventory of eight iPads available for staff to reserve for research, presentations, or travel. However, formal logs are not maintained to document the use of the iPads. As a

result, the Auditor was unable to determine how frequently staff are using them. In addition, the Board of Medicine pays all of home Internet costs for an employee.

- **Recommendation:** The Boards of Pharmacy and Medicine should review equipment purchases and assignments to ensure the purchases meet the test of public purpose and the equipment is distributed to staff in a manner that maximizes efficiency but avoids duplication of function. In addition, the Board of Pharmacy should review the propriety of costs paid for home internet service for the five compliance officers that reside in the Des Moines area and review the bills for State-issued cell phones to determine the ratio of personal use to business use to determine whether it is reasonable to pay 100.0% of the costs. The Boards of Pharmacy and Medicine should develop and implement a policy addressing whether employees are required to contribute toward the cost of the cell phones and home Internet service.
- **Response:**
 - **Board of Pharmacy:** The office does not have sufficient space to accommodate the five compliance officers (field staff) who reside in the Des Moines area. All field staff have always maintained a home office and have worked out of their homes. The Board of Pharmacy has always provided the equipment needed to perform their duties. The equipment needs of staff have changed as the Board of Pharmacy has moved to an ever-increasing digital work environment. The Board of Pharmacy staff utilize State-issued iPads and cell phones exclusively for work purposes. The Board staff maintain their own separate, private cell phones for their personal use.
 - **Board of Medicine:** Staff members equipped with desktop and laptop computers and smartphones regularly work in and out of the office to perform their job responsibilities. Multiple platforms and formats of equipment are used to maximize efficient use of the Board of Medicine's limited resources to respond to burgeoning and complex workloads. Smartphones are routinely used for communication in the field to provide responsive internal and external communications, including contact with the public.
The State's policy does not provide guidance or direction on a percentage reimbursement for home Internet service. The Board of Medicine would prefer the State amend its policy on qualified reimbursements for home Internet expense, providing direction. The public purpose of home Internet reimbursement is expressed in the Board of Medicine overarching goal to make the most effective and efficient use of resources and protect the public health through enforcement of State rules and laws governing the practice of medicine in Iowa.
- **Conclusion:**
 - **Board of Pharmacy:** Response acknowledged. However, as previously stated, although it may not have been common for individuals to have home Internet service when initially reimbursing employees, home Internet service has now become common around the world. As a result, the public purpose of reimbursing employees for home Internet service is not clear. In addition, during the period reviewed, the Board of Pharmacy did not have technology in place to monitor device usage. As a result, it was not possible to determine if State-issued equipment was used exclusively for work purposes.
 - **Board of Medicine:** Response acknowledged. However, as previously stated, equipment purchases and assignments should be reviewed to ensure the purchases meet the test of public purpose and avoid duplication of function. If the public purpose is not clear, it should be clearly stated and included on the supporting documentation for the purchase. In addition, as previously stated, because home Internet service has now become common around the world, the public purpose of reimbursing employees for home Internet service is not clear.

Telework Agreements. The Auditor notes State policy and procedure is that the State assumes no responsibility for operating costs associated with an employee using his or her personal residence as an alternative work site. This includes home maintenance, insurance, utilities, telephone service, etc. The Pharmacy Director and seven compliance officers were reimbursed for home Internet service through TP reimbursements. Additionally, two field staff for the Board of Medicine were reimbursed for home Internet service through TPs. Three Board of Pharmacy employees also received reimbursements of actual costs that exceeded the \$50 monthly maximum in the Department of Administrative Services (DAS)-HRE manual. Telework agreements were not in place for any of the compliance officers or the Board of Pharmacy Director.

- **Recommendation:** The Boards of Pharmacy and Medicine should ensure approved telework agreements are established for all employees working from home and receiving reimbursement for home Internet service. The telework compensation should be added to the employees' taxable wages and processed through the State's centralized payroll process. In addition, the Board of Pharmacy should ensure reimbursements are limited to the maximum of \$50 per month in accordance with the DAS-HRE Manual.
- **Response:**
 - **Board of Pharmacy:** The Board of Pharmacy relied on information received from IDPH dated November 8, 2011, regarding Internet services and the telework program. That information indicated billing for staff assigned to work from home on a full-time basis should continue on a TP. After learning of the DAS policy in 2013, telework agreements were instituted for compliance officers. They are now compensated through the centralized payroll process, and payments are limited to a maximum of \$50 per month. Compensation for Internet services for the Director was discontinued in 2013.
 - **Board of Medicine:** In 2012 and 2013, the Board of Medicine provided Internet reimbursements through TPs to two field staff members. This reimbursement was based on specific directions to the Board from the IDPH and the DAS. The Board was told these two field staff members were exempt from the telework agreement. Consequently, reimbursements were filed and paid as TPs. On January 22, 2014, the Board of Medicine was notified by the DAS-SAE of a policy change requiring the two field staff members to be under a telework agreement and their Internet reimbursements to be considered taxable wages. All other qualified Internet reimbursements paid to office staff were through telework contracts and paid as taxable wages.
- **Conclusion:** Responses acknowledged. However, based on a review of the correspondence provided by the IDPH in November 2011, the response only applied to those individuals that were not assigned to work from home on a full-time basis. The compliance officers and field staff identified were working from home on a full-time basis. In addition, the DAS policy was officially issued on August 17, 2011, and was incorporated into the revised DAS-HRE Manual in January 2012. The policy specifically states Internet compensation is to be added to the employee's taxable wages.

Further Findings. The report also had additional findings and recommendations related to security policies, data plans and cell phones, other questionable expenditures, equipment inventory, shipping destinations, and other matters.

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